

I have been reporting on Steve Eisman's short position for quite some time. As the analyst reaction to Eisman shows (link below), Eisman has taken a lot of heat for shorting Canadian banks. Instead of capitulating, in September 2019 he publicly disclosed the fact that he added Canadian Tire to his position, He explains the rationale for this in a BNN in an interview late 2019. Essentially, his big concern with respect to banks was non-performing loans in Alberta. He feels Canadian bank CEOs are not prepared for a credit cycle. He specifically referenced ATB (a private bank) in discussing his concerns. Looking at the numbers today, my guess is that he has made off like a bandit.

COMPANY	YTD%
Bank of Nova Scotia	-31.79%
CIBC Pref Ser 45	-35.33%
RBC Canadian Pref Share ETF	-32.04%
Royal Bank of Canada	-23.60%
Toronto-Dominion Bank	-27.08%
Laurentian Bank	-33.20%
National Bank of Canada	-40.40%
Bank of Montreal	-38.14%
Canadian Imperial Bank of Commerce	-32.18%
Canadian Western Bank Pref Ser 5	-35.41%
Canadian Tire Corporation CI A NV	-41.85%

[Here is what analysts said about Eisman:](#)

[No 'basis in fact': Reaction to Eisman shorting Canada's banks](#)

[Here is what Eisman had to say leading up to the current market:](#)

PROMINENT U.S. HEDGE FUND MANAGER BUILDS SHORT POSITION IN CANADIAN BANK STOCKS

G&M - Scott Barlow

"Steve Eisman, a portfolio manager at Neuberger Berman, is among a growing number of short-sellers taking positions in the likes of TD Bank and Royal Bank of Canada,... The moves come after property prices raced ahead of incomes for several years, boosted by loose lending, low interest rates and lax controls on foreign money. But new house prices in Canada slipped year on year in January for the first time since 2009 ... "I'm calling for a simple normalisation of credit that hasn't happened in 20 years," Mr Eisman told the FT ... He said the effects would hurt banks and the real estate sector, but would not be as intense as the financial crisis a decade ago in the US. "

BIG SHORT'S STEVE EISMAN IS NOW TARGETING CANADIAN BANKS

BNN - BNN Video

In an interview with [The Financial Times](#), Steve Eisman, portfolio manager at Neuberger Berman, declined to name the banks he is shorting or the positions he has taken, but said that Canadian lenders are not “mentally prepared.”

FT - BIG SHORT'S STEVE EISMAN IS NOW TARGETING CANADIAN BANKS

FT - Save to myFT Richard Henderson and Lindsay Fortado

A fund manager made famous by the book *The Big Short* has refocused his sights on Canada, betting that a tottering housing market and a sluggish economy will bring trouble for the country's biggest banks.

DON'T BE SO DISMISSIVE OF THE BIG SHORT'S BET AGAINST THE CANADIAN BANKS

G&M - Scott Barlow

U.S. hedge fund manager Steve Eisman became famous through his depiction in Michael Lewis's financial crisis book, *The Big Short*, which detailed the manager's successful shorting of markets before the crisis hit. Mr. Eisman is now infamous in Canadian investing circles after reports, initially in the *Financial Times*, said he has built short positions against Canadian bank stocks.

ACCOUNTING RULES ARE DRIVING BETS AGAINST CANADIAN BANKS

Bloomberg - Doug Alexander

THE BIG SHORT'S EISMAN ADDS TO BET AGAINST CANADIAN BANK STOCKS AFTER 'EXCEPTIONALLY POOR' EARNINGS REPORTS

G&M - Scott Barlow

Hedge fund manager Steve Eisman of Neuberger Berman, made famous in the book and movie *The Big Short*, appeared on BNN Bloomberg on Monday to talk Canadian bank stocks.

STEVE EISMAN STILL SHORT CANADA'S BANKS, NOW TAKING AIM AT CANADIAN TIRE

BNN - BNN Video

Steve Eisman, portfolio manager at Neuberger Berman, joins BNN Bloomberg to provide his latest take on the Canadian bank earnings and why he's now shorting Canadian Tire.

THE BIG SHORT'S STEVE EISMAN: CANADA'S BANK CEOS 'EXTREMELY ILL-PREPARED' FOR CREDIT CYCLE

BNN - BNN Video

Neuberger Berman's Steve Eisman, the money manager made famous by the book *'The Big Short'* and its film adaptation, joins BNN Bloomberg to discuss why he's short Canadian banks.

Other related news

SHORT SALES ON THE TSX: WHAT BEARISH INVESTORS ARE BETTING AGAINST

G&M - Larry MacDonald

Laurentian tops the list of shorted bank stocks. Home Capital makes an honourable mention with Scotia and Great-West/Power Corp and TD all on the list. BMO, RBC and Manulife had decreases in their short positions. Note:

Canadian banks have been under attack for more than a decade, to no avail. Maybe the current crop of short sellers will get it right but it's beginning to sound like the boy who cried wolf too many times.

SHORTING APPLE, BUT NOT CANADIAN BANKS: JOHN ZECHNER

BNN - BNN Video

John Zechner, chairman and founder of J. Zechner Associates, is net short in his global hedge fund and names on the list include Apple. Zechner says he's betting against Apple because the majority of its revenue comes from the iPhone and he says sales appear to have peaked. U.S. financials are also on his short list, but not Canadian banks which, Zechner says, have learned their lesson from previous tough times. He says Canadian banks are better run than almost any other banking system in the world.

WHY SHORTING THE CANADIAN BANKS ON HOUSING MAKES NO SENSE

G&M - Tim Kiladze, James Bradshaw

Crucially, he noted, healthy levels of collateral and mortgage insurance "provide huge buffers to direct losses for the banks." He isn't completely dismissive of the short story, but he believes "it would take a truly significant decline in home prices for Canadian and Australian banks to incur a large increase in direct mortgage credit losses."

'PAY ATTENTION': BANK OF CANADA'S WILKINS WARNS RARE YIELD-CURVE INVERSION COULD SIGNAL RECESSION

G&M - Barrie McKenna

The Bank of Canada has joined the chorus of experts worrying that a rare reversal of short and long-term interest rates may point to darker days ahead for the global economy, and even a recession.

U.S. SHORT-SELLER TARGETS CANADIAN TIRE, SAYS RETAILER'S SHARES HAVE 50 PER CENT DOWNSIDE

G&M - David Milsead

In the November conference call, however, Mr. Wetmore said the company's financial-services division continues to have "great performance" and there are "no signs from our data on a weakening economy or credit-card portfolio."

CANADA'S MOST FAMOUS ECONOMIST THINKS THERE'S AN 80 PER CENT CHANCE OF RECESSION NEXT YEAR - HERE'S HOW YOU SHOULD INVEST

G&M - Derek Decloet

What he's not excited about is the Canadian economy in 2020. Mr. Rosenberg sees an 80-per-cent chance of the economy dropping into recession next year, owing in part to mammoth levels of household debt, which will continue to be a drag on consumer spending. "It's rather incredible that in this era of uber-low interest rates, Canadian households are spending 15 cents out of every after-tax dollar on servicing the debt, including principal," he says.

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Mark Sibthorpe

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